

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7654

BILL NUMBER: SB 398

DATE PREPARED: Jan 10, 2001

BILL AMENDED:

SUBJECT: Abolition of the Dog Tax.

FISCAL ANALYST: Chris Baker

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for a local option dog tax. The bill abolishes the State Dog Tax, dog census, and kennel license fees effective July 1, 2001. It also eliminates township dog funds, county dog funds, and the Dog Account of the State General Fund. The bill provides for the disposition of money remaining in a township dog fund, a county dog fund, or the dog account of the State General Fund. This bill also provides for the payment of certain fees and charges associated with a dog suspected of having rabies from the township fund instead of from the township dog fund. Beginning in 2004, the bill annually appropriates \$100,000 from the State General Fund to Purdue University for canine disease research. The bill makes conforming amendments.

Effective Date: July 1, 2001; July 1, 2004.

Explanation of State Expenditures: This bill would appropriate \$100,000 from the State General Fund on an annual basis, beginning in FY 2005, to be deposited into the Canine Disease Research Account. (Canine disease research is currently supported by the State Dog Tax in the amount of \$100,000. This would be eliminated by this bill.) The account would be administered by the Board of Trustees of Purdue University. Funds remaining in the Canine Disease Research Account at the end of a state fiscal year would not revert back to the General Fund.

The Auditor of State will have a minimal reduction in expenditures required to administer the State Dog Fund, as it will no longer be in existence after July 1, 2001. The proposal requires the Auditor of State to distribute the remaining funds, if any exist after June 30, 2001, in the following manner:

- Fifty percent to the Purdue University for the School of Veterinary Science and Medicine, to be used solely for canine disease research.
- Fifty percent to counties that remitted surplus funds, to the Auditor of State, from their county dog funds as of May 7, 2001. The amounts paid to counties will be proportional to the amount paid by the county to the Auditor of State.

After July 1, 2001, the State Dog Fund will no longer be in existence. Therefore, the state would distribute \$50,000 of the remaining balance as noted above on July 1, 2001.

The Auditor of State will be able to administer the provisions listed above within its current budget

Explanation of State Revenues: *Background:* The state collected \$272,437 in FY 2000 from the counties in dog taxes. For purposes of distribution, once all county dog taxes are received by the Auditor of State, current statute requires the following:

- 1) The state must maintain a balance of \$50,000 of the amount collected at the end of a state fiscal year.
- 2) Provide for reimbursement of the state's expenses for dog tag purchases.
- 3) Distribute 50% of the balance up to a maximum of \$100,000 to the Purdue University Veterinary School for canine research.
- 4) The remaining balance must be returned to county general funds in proportion to the county's contribution to the State Dog Fund.

Explanation of Local Expenditures: Township assessors would no longer collect the existing dog tax nor remit it to their respective counties after July 1, 2001. The provision would allow for reallocation of township assessors' resources toward other administrative responsibilities, or termination of these resources.

Fees and charges associated with dogs suspected of carrying rabies that are paid by the township trustee and incurred after June 30, 2001, will be paid from the remaining balance of the township dog fund. On July 1, 2002, the remainder of the balance would be sent to a humane society designated by the county legislative body. If no humane society exists, then the transfer goes to the township general fund. Township dog funds will be maintained while distributions, if any, are received from the Auditor of State. No township dog fund will be maintained after July 1, 2002.

Explanation of Local Revenues: Under this bill, the County may, by passage of an ordinance, impose a local option tax on dogs and a fee on kennels. If an ordinance is adopted, the tax would be collected by one or more licensed veterinarians or humane societies in the County. A designee collecting the dog tax would be able to retain seventy-five cents of the tax collected per dog or fee for kennels for the designee's service in collection. Additionally, the County may, by ordinance, designate one humane society located in the County to receive fifty cents of each dog tax payment and one dollar of each kennel fee collected under this bill for the maintenance of a dog shelter. All electing counties would place the revenue collected from the new tax and fee into the newly created County Dog Fund. The fund shall be used to pay damages sustained by owners of animals killed, maimed, or damaged by dogs.

Under the local option dog tax, assuming counties adopt and maintain the same tax rate as the current state tax, two scenarios are possible:

- 1) If the local option dog tax collections exceed claims from dog-damaged animal owners, the counties should receive more revenue than with the state dog tax. (The local revenue will stay in the county and not be redistributed to deficit counties and for funding the Purdue allocation.)
- 2) If the revenues collected are less than claims, counties will no longer be subsidized by surplus counties through the state dog tax. (Based on the 2000 surplus dog fund report, there were

approximately five counties in this category.)

However, it is assumed that if a county does not implement this new tax, they are not obligated to pay expenses for dog damages as noted above. Also, this bill does not obligate counties to pay more expenses than are available in the fund.

Background: The average county collection for the existing dog tax was \$4,134 in FY 2000. Each township assessor or designated licensed veterinarian collects dog taxes under current statute. The tax is deposited into the local dog fund which is used to pay claims for dog-damaged animals. Any excess is remitted to the respective county once per year. The average claim for dog damages paid at the county level was \$1,049 in FY 2000.

Townships are currently required to transfer any amount exceeding \$300 to the county once per year. To provide an example of total dog taxes collected on the township level, the Perry Township (Martin County) Trustee reported \$298 in dog tax collections in CY 2000. Additionally the Assessors Office of Center Township (Marion County) reported dog tax collections of \$521 in CY 1998 and \$466 in CY 1997.

State Agencies Affected: Auditor of State; Purdue University.

Local Agencies Affected: County Auditors, Township Trustees and Assessors.

Information Sources: Dan Bastin, Auditor of State, (317) 232-2339; Center Township Assessors Office (Marion County), (317) 327-4632; John McAtee, Perry Township Trustee (Martin County), (812) 295-4044.